

2012 Integrated Resource Plan

Date of this Brief	July 19, 2012		
Supersedes			
	Phone	Short Title	
Key Contacts	David Clement	684-3564	Director, IRP & Forecasting
Council Action Required?	Y	If YES, within the next 3 months?	Y
Public Hearing Required?	NO		
Presenters (if applicable)	Jim Baggs, <i>Interim Power Supply & Environmental Affairs Officer</i> and David Clement, <i>Integrated Resource Planning & Forecasting Director</i>		

Summary Statement

The proposed 2012 Integrated Resource Plan (IRP) would establish a long-term conservation and power resource plan for Seattle City Light as required by Washington's HB 1010, Chapter 19.280 RCW. With the Council's approval of the plan by resolution, the 2012 IRP will be filed with the Washington Department of Commerce. The State's deadline for filing an approved plan is September 1, 2012.

Background

An overview of the 2012 IRP was presented to the City Council Energy and Environment Committee on May 6, 2012. That overview included the top three candidate resource portfolios (long-term resource plans) addressing the amount, type of resource, and timing for the Council's review. The "Renewables: Base Conservation" portfolio has been endorsed by the IRP Stakeholders and by City Light management and is the recommended 2012 plan.

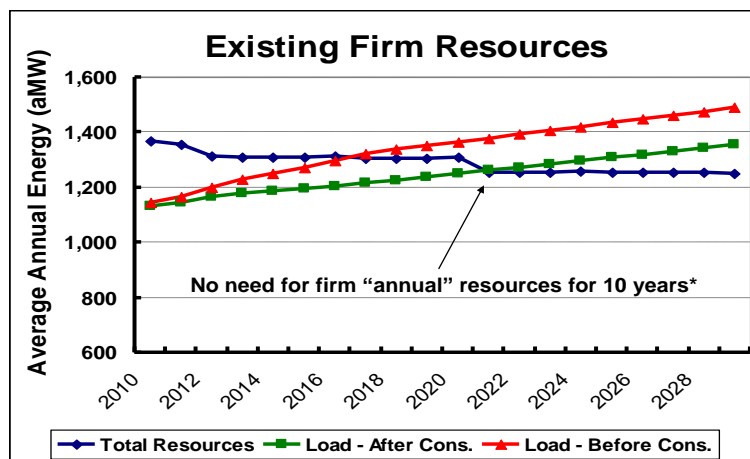
Requirements for the 2012 IRP include a public input process and approval by the governing board of the public utility, the Seattle City Council. The public input process included six IRP Stakeholder meetings, three public meetings, and a website to review documents and submit comments. The 2012 IRP Stakeholders include representatives of large customers, two universities, the BPA, the Northwest Power & Conservation Council, the Energy Coalition, the Sierra Club, and residential customers. The 2012 IRP Stakeholders are writing a letter of support to the City Council for the Renewables: Base Conservation portfolio.

The resolution to adopt the Draft 2012 IRP does not have fiscal impacts. Near-term actions in the IRP Action Plan, which continue existing levels of conservation, are addressed within the 2012-2013 budget process. The plan must be revised and filed again by September 1, 2012 and

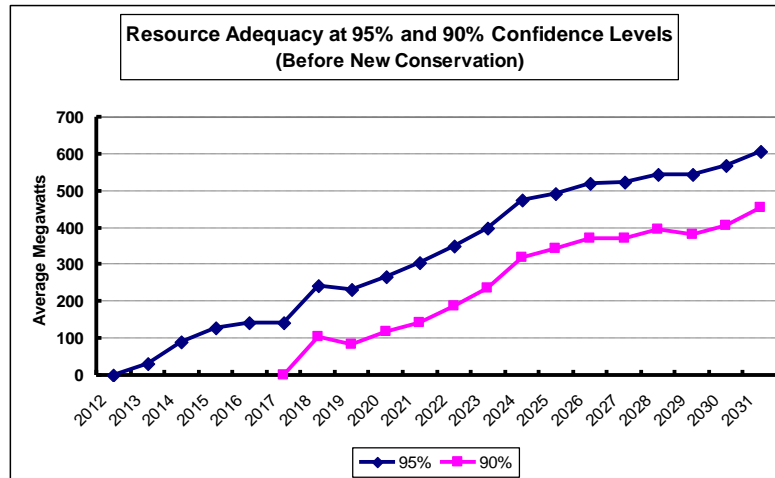
every two years thereafter. The City Council has previously approved the 2010 Integrated Resource Plan for the period September 2010 through August 2012.

Key Issues

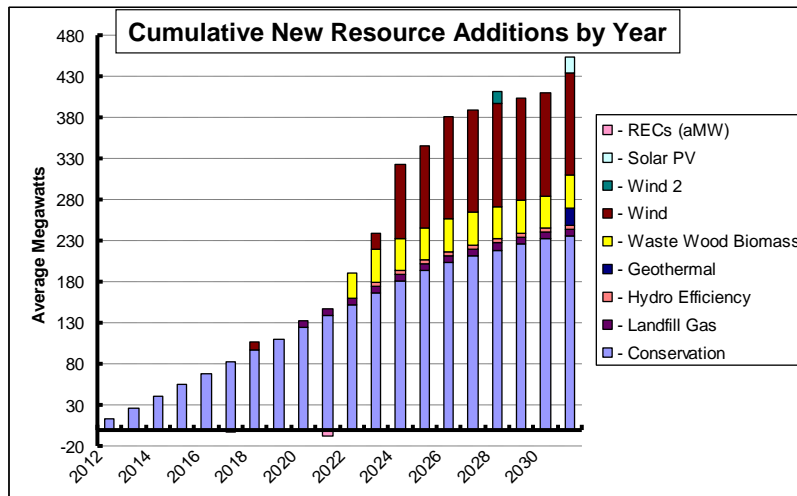
- The 2012 IRP would continue the accelerated conservation plan selected in the 2010 IRP and make greater use of the flexibility in existing long-term power resource contracts.
- Seattle City Light presently meets the renewable resource requirements of Initiative 937 (I-937), the Energy Independence Act through 2019. Seattle City Light has a choice of purchasing renewable energy credits (RECs) or purchasing qualifying renewable energy to meet its target under the law. RECs represent only the environmental attributes of renewable energy and can be purchased from the owners of qualifying renewable generation. RECs will be City Light's primary compliance strategy through 2021.
- The IRP Action Plan calls for RECs and/or renewable resources to be acquired on a phased approach. This approach is intended to minimize rate impacts and recognize future supply and price uncertainties in renewable energy and REC markets.



- The utility could potentially meet its own firm energy needs for annual average demand through 2021 without acquiring new firm (year-round) generating resources.
- The targeted amount of winter power availability needed in the 2012 IRP declined as a result of the recession, greater use of flexibility in existing resource contracts, and a change in resource strategy to a 90% confidence level.



- The accelerated conservation plan in the Preferred Portfolio results in significantly lower need for new generating resource acquisitions.
- The 2012 IRP will include updates of analyses of climate change and electric vehicles.



- The Renewables: Base Conservation portfolio (pictured above) was selected as the preferred portfolio for the 2012 IRP. Its chief focus is conservation, acquiring over 230 aMW by 2031. No firm generating resources are added until 2022. The original eight portfolios were simulated in the Aurora xmp model, measuring costs, risk, and emissions. The “Renewables: Base Conservation” portfolio was among the top performing portfolios. It is consistent with the City Light Strategic Plan preferred option.

Next Steps

- Brief the Energy and Environment Committee on the recommended portfolio and IRP action plan.
- Seek City Council approval of the 2012 IRP.
- File the 2012 IRP with the Washington Department of Commerce by September 1, 2012.